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**LOCATION OF THE CONTROLLING UNIT
OR DEPARTMENT IN THE ORGANISING STRUCTURE
OF A POLISH PUBLIC ECONOMIC UNIVERSITY**

**USYTUOWANIE KOMÓRKI CONTROLLINGU
W STRUKTURZE ORGANIZACYJNEJ POLSKIEJ
PUBLICZNEJ UCZELNI EKONOMICZNEJ**

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Summary: The aim of the article is to try to show the place of the controlling unit or department in the organisational structure of the Polish public economic universities. The analysis of organisational structures of such universities was supposed to answer the following research questions: whether there is a controlling department, and if so, where in the organisational structures it is located and what tasks are entrusted to this unit or department. When trying to answer the questions, there was employed the study of literature in the field of controlling, and there was conducted a study comparing the location of existing controlling unit or departments in economic universities in Poland. The article shows that despite different allocations of the controlling unit or departments in the structures of the discussed universities, the tasks dedicated them are the same, and differ only in the manner and place of submission of all types of reports.

Keywords: controlling, organisational structure, controlling at a public university.

Summary: Celem niniejszego artykułu jest próba wskazania miejsca komórki controllingu w strukturze organizacyjnej polskich publicznych uczelni ekonomicznych. Analiza struktur organizacyjnych takich uczelni miała za zadanie odpowiedzieć na pytania badawcze: czy istnieje dział controllingu, a jeśli tak, to gdzie w strukturach organizacyjnych uczelni ekonomicznych w Polsce jest on umiejscowiony oraz jakie faktycznie zadania są powierzone tej komórce. Przy próbie odpowiedzi na postawione pytania posłużono się studiami literatury z zakresu controllingu oraz przeprowadzono badanie polegające na porównaniu usytuowania istniejących komórek controllingu w uczelniach ekonomicznych w Polsce. W artykule wykazano, że pomimo różnych alokacji komórki controllingu w strukturach omawianych uczelni, zadania przed nimi stawiane są takie same, a różnią się tylko sposobem i miejscem docelowym składania wszelkiego rodzaju sprawozdań.

Słowa kluczowe: controlling, struktura organizacyjna, controlling w uczelni publicznej.

1. Introduction

The management of a modern economic university in Poland is quite difficult and complex due to the increasing uncertainty of the environment, lack of funds to finance the basic activity, and still insufficient cooperation between universities and business entities. Management can be aided by controlling.

Controlling, its implementation and functioning, both in enterprises and in budgetary units, has been widely discussed in the Polish and foreign literature. The subject of this literature were issues related to, among others, an attempt to precisely define controlling, its classification and tools, and the location of controlling department in the organisational structure of the unit, as well as the tasks to be undertaken by the controller. Theoretical issues concerning the location of controlling in the company structure and transfer them to the activities of public economic universities caused the need to conduct research. This article presents the results of research on the location of the controlling department in the structure of the discussed universities.

The first section presents theoretical issues on controlling, classification, functions, and tasks for controlling. The second part of the article pertains to the effects of the analysis carried out in selected universities regarding the location of controlling in their organisational structure.

2. A definition of controlling, its classification, tasks and functions

There is a number of definitions of controlling in the literature on the subject. Selected definitions are presented in Table 1. In general, however, controlling can be defined as a comprehensive, systemic and continuous support of the planning, steering and controlling process of an enterprise/business unit/public institution.

Table 1. Definitions of controlling

The author of the definition	Definition
1	2
H.J. Volmuth	An integrated subsystem for steering, planning, control and information, supporting the adaptation and coordination of the management system
C. Horngren	A method of collecting and using information to support and coordinate planning and control processes
A. Mehlan	Processes related to information processing in order to control the enterprise and supervise it
R. Anthony	A tool supporting the management process that leads towards the set goals
R. Palupski	A system of rules and actions to coordinate information needs, supporting management in decision making

1	2
J. Weber	The form of management that enables effective achievement of the assumed goals and the coordination of all areas of management, which allows to increase efficiency
K. Ziegenbein	Methods and information in the field of work systems, which include the processes of planning, control and coordination of these systems

Source: own study based on [Volmuth 2007, p. 15; Horngren 2008, p. 618; Mehlan 2009, p. 8; Anthony 1988, p. 34; Palupski 1997, p. 37; Weber 2001, pp. 19–25; Ziegenbein 2004].

Table 1 lists the definitions of controlling by American and German authors. In Polish literature, controlling is variously explained, but it is generally understood as a process of results-oriented control implemented through planning, control and reporting [Nesterak 2015, p. 27].

Controlling is designed to fulfil certain functions and be one of the tools which support activities leading towards the intended goals. This support relies on the combination of planning, control and information. An important role is played by

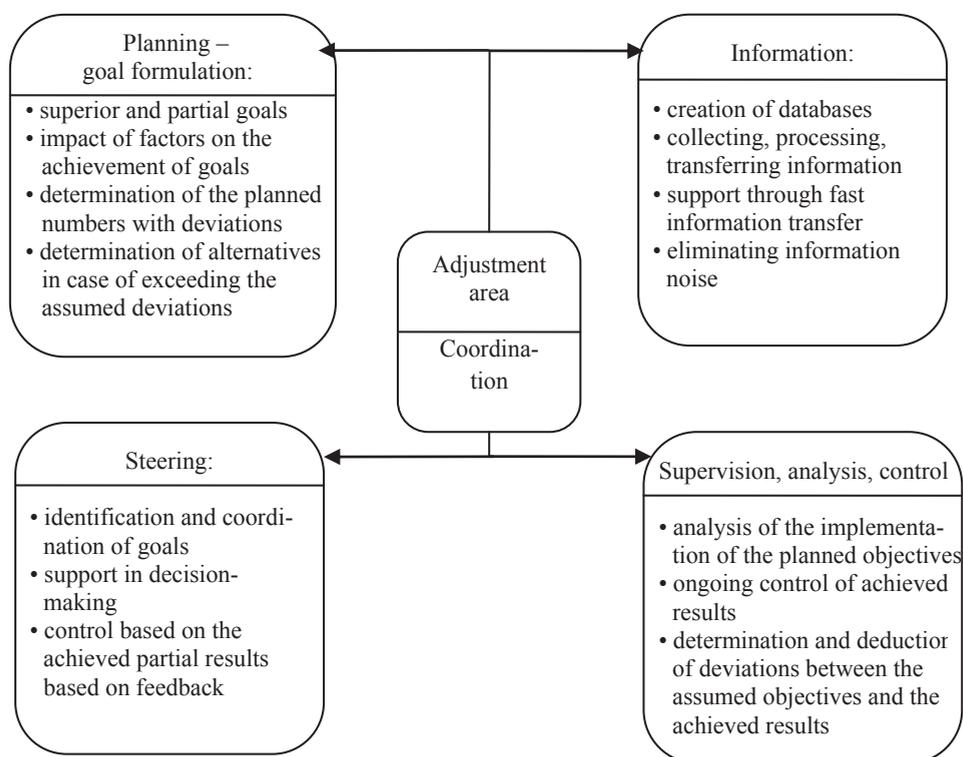


Figure 1. The scope and functions of controlling

Source: own study based on [Sawicki 2000, p. 107].

prediction, which is to ensure the achievement of pre-established goals of the entity. The scope and functions of controlling are presented in Figure 1.

Relying on the definitional review of controlling, we can attempt to classify it according to specific criteria: management level, scope of activity, functions, competencies and organisational form of controlling [Sierpińska, Niedbała 2003, pp. 51–93; Nesterak 2015, pp. 41–44]. By distinguishing the levels of management, we can divide controlling into strategic and operational. Operational controlling refers to a short period of time (up to one year) and allows to achieve current goals. Strategic controlling, on the other hand, enables the entity to operate for a long time. The main differences between operational and strategic controlling are presented in Table 2.

Table 2. Tasks of operational and strategic controlling

The tasks of strategic controlling	The tasks of operating controlling
Coordination of goals and strategic plans	Analysis and verification of long-term goals
Creating budgets for individual unit or departments in the organisation	Checking the correctness of the division of long-term tasks into stages
Determination of indicators to assess the degree of implementation of budgets	Support in choosing long-term planning techniques
Support with the implementation of budgets	Creation of data bases
Support with the flow of information and reports for management	Analysis of sources and value of information
Indicating operational activities aimed at implementing the organisation's strategy	Possibility to create SWOT analysis for individual stages of long-term activities
Planning for financial liquidity, results and control of profitability	Analysis of deviations from the assumed goals
Verification of financial goals	Support of actions to eliminate deviations

Source: own study based on [Nesterak 2015, pp. 41–44].

If we take into account the scope of controlling, we can distinguish the following types of controlling: comprehensive (includes all functions together with the full picture of the entity's environment), production and finance (also includes all the functions of the entity, but with a limited environment) and financial (includes financial functions and very limited organisation environment).

The third criterion covering the area of functions performed by particular organisational units distinguishes two areas of activity, also based on their functions. The first area concerns vertical functions. Here, one can distinguish the area of activity related to procurement, production, sales, research and development. The second area concerns horizontal functions, where the scope covers the functioning of the finance, investment, project, personnel, marketing and quality departments.

J. Nesterak [2015, pp. 46–48] mentions additional criteria regarding the scope of competence and the form of controlling, on the basis of his own observations.

In the area of competence, he distinguished reporting and management controlling. Reporting controlling mainly deals with the support of reporting and the information emerging from the financial and management accounting system. It works mainly in large corporations that impose the obligation to prepare reports and send them to the company's headquarters. Management controlling aims to strongly support strategic decision making aimed at improving the performance of the entity. The criterion regarding the organisational form was distinguished by institutional and non-institutional controlling. The first occurs when the controlling unit or department in the unit has been separated, which results in the increased importance of controlling, and presents the opportunity to focus on tasks related to controlling alone. However, non-institutional controlling occurs when it is not separated in the organisational structure and its tasks are assigned to another department, e.g. financial or accounting. However, this issue will be discussed in the next section of this article.

3. Location of controlling department in the organisational structure and the tasks of the controller

The higher the place of the controlling unit or department in the organisational structure, the more important its role and the more effective it is. However, there are concerns that if there are insufficient funds in relation to the reported needs of stakeholders, the entity will require too high human, monetary and time resources at the expense of core activity, or it will become another element of the organisational bureaucracy [Meyer 2005, p. 3]. However, based on the division proposed by J. Nesterak regarding the organisational form of controlling (institutional and non-institutional), we can specify the location of the controlling department in the organisational structure and the tasks of the controller. Let us assume that controlling it was placed within the staff position. It means the highest possible position in the organisational structure. In this case, the controller is subject only to the management, but he possess no decision-making or managerial powers, only those related to consultancy [Zarzecki 2000, pp. 68–77]. If the controlling department is located in a linear position, it will allow the controller to issue commands. The difference in these two approaches (staff-based and linear) is illustrated in Figure 2.

Controlling is usually employed in small and medium-sized enterprises. The controller's duties are usually taken over by the manager of the financial or accounting department. If these are micro-enterprises, the owner takes the role of the controller upon themselves. It sometimes happens that the controller's role is entrusted to an outsider. This usually occurs when the units do not have suitably qualified personnel in the area of introducing and implementing controlling tasks. An external consultant usually only exists for a certain period of time. He trains, then shares their skills with the employees of the company, until the prepared managers (or the owner) can take over the duties of the controller. A quite considerable advantage of this solution is the shortening of the implementation time of controlling, thanks to the practical

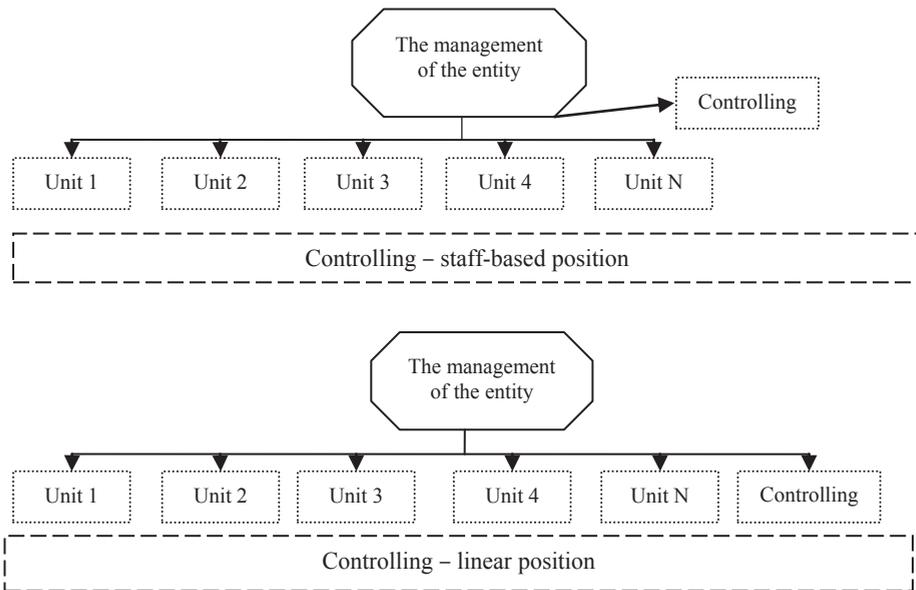


Figure 2. Staff-based and linear position in institutional controlling

Source: own study.

experience of an outsider and the avoidance of phase of learning on one's errors, which is sometimes quite costly and time-consuming.

Tasks entrusted to the controller result mainly from the idea of controlling, i.e. from the efficient and clear implementation of planning, controlling, managing and informing. At the same time, the controller should participate in solving problems and skilfully draw conclusions from the research carried out within the entity. These studies should cover not only the financial side (e.g. balance sheets, budgets of individual units or the structure of remuneration) but also the development of strengths and weaknesses of the entity. The controller's functions should also include active consultancy, critical analysis of the entity's objectives and strategy, coordination of business objectives, organisation of the information system and reporting within the entity, as well as development and coordination of plans.

Summing up, it can be noticed that the controller's tasks depend on the positioning of the controlling unit or department in the organisational structure. It is favourable when these are the highest competences, and where the controller can give instructions. However, the most important functions of planning, controlling, informing, and coordinating should be exercised by the controller in every model, regardless of their location in the organisational structure.

4. Results of own research

Knowing the realities of functioning of Polish public economic universities, it should be emphasized that the controlling system in these units should allow for the following [Dyczkowski 2010, pp. 188–190] tasks:

- controlling the degree of achieving the set goals,
- impact on short-term plans,
- development and selection of tools supporting the implementation of goals and decision-making,
- transparency of the financial processes of the university and the activities of the authorities,
- benchmarking among economic universities regarding resource management (financial and non-financial),
- efficient flow of information between the university authorities and the employees.

Five Polish universities of economics were analysed due to the implementation of broader research, the results of which will be included in the doctoral thesis: University of Economics in Katowice (UE Katowice), University of Economics in Krakow (UE Krakow), University of Economics in Poznan (UE Poznan), Wroclaw University of Economics (UE Wroclaw) and Warsaw School of Economics (SGH Warsaw). Detailed information on the controlling unit or department at these universities is presented in Table 3.

Table 3. Controlling at selected universities

Information	UE Katowice	UE Krakow	UE Poznan	UE Wroclaw	SGH Warsaw
Is there a controlling department?	No, the task was entrusted to another department	Yes	Yes	Yes	No, the task was entrusted to another department
Unit or department name	Analysis Department	Budgeting and Controlling Section	The Controlling Team	Controlling Department	Planning and Analysis Department
Whom does it fall directly under	Finance Officer	Finance Officer	Vice-Rector for Finance and Development	Vice-Rector for Finance and Development	Finance Officer
Number of people employed in the department	2	1	3	4	5

Source: own study based on data from university websites.

Controlling in the staff position exists in the examined universities, however, it differs in its location in the organisational structure. The Controlling Department in the UE in Poznan and Wroclaw reports directly to the Vice-Rector for Finance and Development and in these institutions the department contains “controlling” in its name. In the remaining three universities, controlling is subordinate to the Finance Officer, who reports to the chancellor and he or she directly to the Rector. These departments include “analysis, planning or budgeting” in their name and they are also located in the staff position, but it is more extensive. The organisational structures of individual universities are illustrated in Figures 3–7.

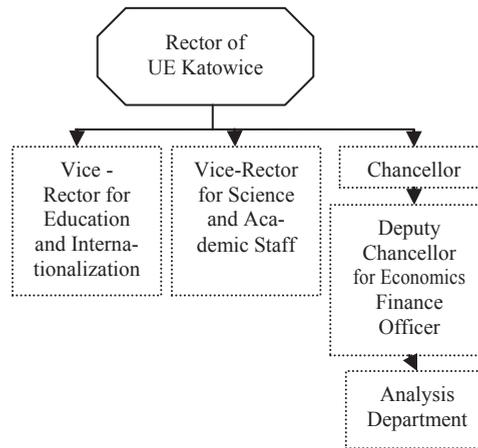


Figure 3. Place of controlling in the organisational structure at UE Krakow

Source: own study based on [<http://uek.krakow.pl/pl/uczelnia/o-universytecie/wladze-uczelni.html>].

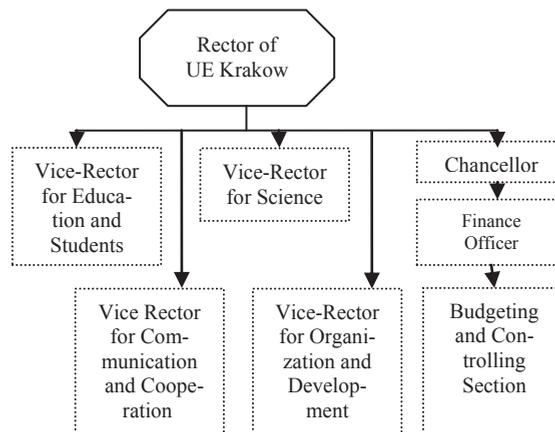


Figure 4. Place of controlling in the organisational structure at UE Katowice

Source: own study based on [<https://bip.ue.katowice.pl/wladze/rektor.html>].

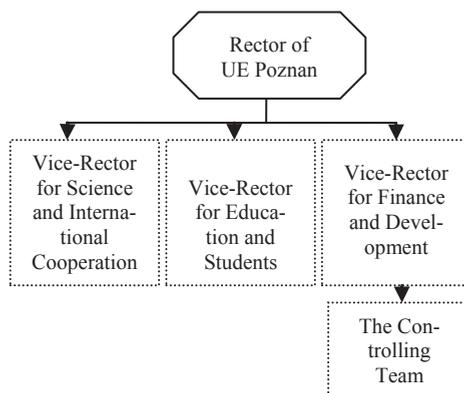


Figure 5. Place of controlling in the organisational structure at UE Poznan

Source: own study based on [<http://ue.poznan.pl/pl/universytet,c13/wladze,c12/>].

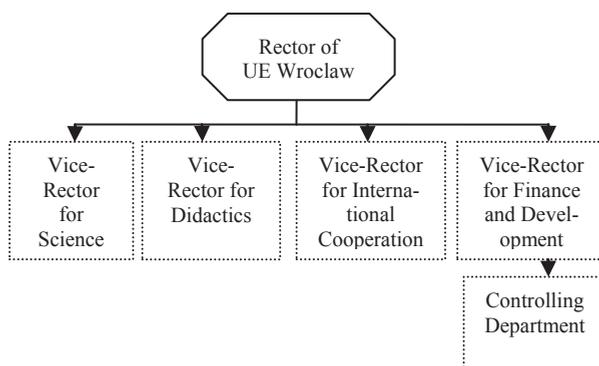


Figure 6. Place of controlling in the organisational structure at UE Wroclaw

Source: own study based on [<https://www.ue.wroc.pl/uczelnia/struktura.html>].

Analysing the organisational structures of the studied universities, we can see that only in two of them (UE in Poznan and Wroclaw) the controlling department falls under the responsibility of the Vice-Rector for Finance and Development. This is important because among the tasks for controlling is coordination of proper financial policy, cost optimization, striving to ensure financial stability, ensuring the flow of reliable information (complete and up-to-date) [Chojnacka-Komorowska 2017, p. 49]. This spectrum of activity is under the responsibility of the Vice-Rector for Development and Finance. This flattening within the structure will also allow for a quick and correct flow of reporting at the university, which also belongs to the tasks of controlling.

On their websites, only two universities have clearly assigned tasks entrusted to the department responsible for controlling at the university, what was presented in Table 4.

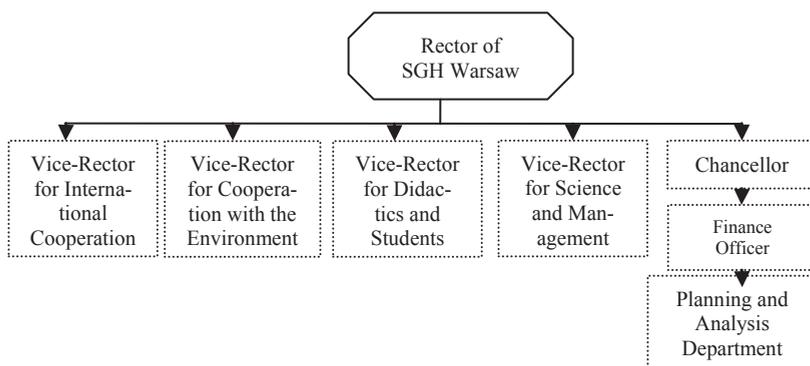


Figure 7. The place of controlling in the organisational structure at the Warsaw School of Economics (SGH Warsaw)

Source: own study based on: [<http://bip.sgh.waw.pl/pl/Lists/Artykuly/DispForm.aspx?ID=83&ContentTypeId=0x0100B7E3285E202E6443BD7EE1BFD941D6F3009E849AF20F4A64458469D7D7291637A1>].

Table 4. Tasks entrusted to the department responsible for controlling at UE Katowice and SGH Warsaw

UE Katowice Analysis Department	SGH Warsaw Planning and Analysis Department
1	2
<ol style="list-style-type: none"> 1. “Coordinating the budgeting process, i.e. planning, creating and confirming the material and financial plan, as well as its implementation. 2. Preparation of material and financial plans. 3. Preparing changes in material and financial plans. 4. Preparing the draft of the report on the implementation of the material and financial plan. 5. Monitoring and control of the implementation of the units’ budgets as well as the budget of the entire university. 6. Monitoring changes in budgets of specific units. 7. Planning the implementation of the material and financial plan and the implementation of the budgets of units with accounting records. 8. Verification of financial documents in terms of compliance with the material and financial plan in a way that prevents overflows. 9. Reporting for the needs of the POLON system. 10. Support of unit managers in the preparation of budgets. 11. The operation of the Simple. ERP system in the area of budgeting, in particular: <ol style="list-style-type: none"> a) defining and updating the cost budget template, the revenue budget template, and the material and financial plan template; 	<ol style="list-style-type: none"> 1. “Submitting the annual financial and material plan of the University based on partial plans of individual organisational units. 2. Verification and notification of proposals for adjustments of partial plans in particular organisational units. 3. Cost control, writing off and confirming funds in the budgets of the University’s organisational units related to the current activity. 4. Preparation of reports on the implementation of the plan for individual University organisational units in the scope of current activity. 5. Preparation of reports and analyses for the needs of the University’s authorities. 6. Administration of the CSO’s electronic reporting portal within the scope of the University.

1	2
b) ongoing analysis and verification of the implementation of the budgets of costs and revenues, and the material and financial plan; c) ongoing control of connections between the budget of costs and revenues and the material and financial plan; d) updates of financing sources; e) handling budgets of costs and revenues at the level of the entire university; f) handling the material and financial plan of the university”	7. Reconciling balances on the balance sheet and off-balance sheet accounts used to record current operations. 8. Preparation of periodic reports. 9. Evaluation of the economic effectiveness of organisational plans.”

Source: [<https://www.ue.katowice.pl/jednostki/dzial-analiz/zadania.html>; <http://administracja.sgh.waw.pl/pl/Kwestura/obowiazki/Strony/default.aspx>].

Analysing such specific tasks, presented in Table 4, one should consider whether the other universities should not use benchmarking, at least in this respect.

5. Conclusions

In Poland, controlling is becoming more and more popular, and the owners of both small and medium-sized private and public companies representing various branches of the economy are reaching for this solution with growing awareness. The university authorities also noticed the necessity to develop controlling and entrust tasks to the controller in accordance with their competences. There is also an increasing number of opinions that well-thought-out and efficiently functioning controlling contributes to the improvement of the efficiency of operations in various units, including universities of economics.

The conducted research can be used at any university, regardless of whether it is a public or private university, whether the profile of education boils down to economics or whether it is a technical college. The article does not attempt to formulate practical conclusions as to where exactly controlling should be located in the organisational structure of the university; it merely attempts to discuss the future of controlling in the management of economic universities, bearing in mind the Nobel Prize winner Herbert Simon, who questioned the legitimacy of searching for one, best way to solve the problem [Norman 2012, p. 19]. The article presents a proposal to improve the functioning of controlling in public economic universities in Poland using a kind of benchmarking. The proposal is certainly controversial, but it is certainly justified if it results in at least a minimal change from the perception of controlling as a necessary evil or the exclusion of control over employees regarding the performance of the tasks entrusted to them.

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